

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: November 4, 2004

SUBJECT: Fiscal Impact Statement: "Equitable Expansion of Health Care Benefits Amendment Act of 2004"

REFERENCE: Bill Number 15-751 as Introduced

Conclusion

Funds are not sufficient in the FY 2005 through FY 2008 budget and financial plan. Implementing the proposed legislation will result in unbudgeted costs of approximately \$30,000 per 250 enrollees in FY 2005 and \$120,000 for the same population of 250 enrollees in FY 2005 through FY 2008.

Background

The proposed legislation would allow District employees hired prior to October 1, 1987 who are not eligible to purchase family health insurance coverage under the Federal Employees Health Benefits Program to purchase such insurance coverage through the District Government. The employee would be required to assume all the costs for premium payments.

Financial Plan Impact

Funds are not sufficient in the FY 2005 through FY 2008 budget and financial plan as agreed to by the Mayor and the Council because implementation would cause unbudgeted costs. The District would be required to engage a third-party entity to administer the operations required by the provisions of the proposed legislation.

The District Office of Personnel (DCOP) cannot project enrollment pressures caused by implementation of the proposed legislation. However, it is estimated that a minimum of 250 enrollees might be required for the District to offer the additional coverage. DCOP

would be required to expend \$30,000 or more per year for the same population of 250 persons for required administrative fees. Assuming 250 additional persons are immediately enrolled in the health programs, and the number remains static for four fiscal years, the expenditure impact of the proposed legislation is presented in the following table.

Figure 1.

| Expenditure Impact to the Financial Plan | | | | |
|--|---------|---------|---------|--------------|
| (\$ in 000s) | | | | |
| FY 2005 | FY 2006 | FY 2007 | FY 2008 | 4-Year Total |
| \$30 | \$30 | \$30 | \$30 | \$120 |

The above analysis assumes no significant increases in the additional enrolled population.